REINVENTION

RTA 1996 Annual Report

We're not reinventing the wheel, we are reinventing where it goes

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REINVENTION

RTA 1996 Annual Report

We're not reinventing the wheel, we are reinventing where it goes

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The RTA system provided

with assets of

and operating expenditures of

in 1996. Capital needs

to maintain the system

over the next five years exceed

anticipated resources by

$3.2 billion.

We are at the start

of the **downward spiral.**

TRANSPORTATION LIBRARY
JUL 02 1997
NORTHWES... UNIV
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535 million rides

$19.21 billion

$1.4 billion

Contents

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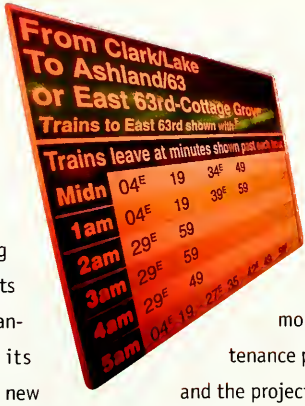
"We are challenging our assumptions...

To The Honorable Jim Edgar, Governor and the General Assembly of the State of Illinois

Public transportation in northeastern Illinois is reinventing itself for the benefit of riders, taxpayers and residents.

The change is needed. For too long transit relied on subsidies, bailouts and business as usual. Past practices were given deference over innovation. Inefficiencies went unchecked. Service took a back seat to bureaucracy. But the new reality of budget discipline has set in. Transit is responding.

El riders gat train schedules for the first time in CTA's history.



At the same time transit is servicing the public and maintaining itself. Two extraordinary improvements dominate the 1996 story. The Chicago Transit Authority (CTA) reopened its rebuilt Green Line and Metra opened its new North Central Service. From Antioch to Englewood, public transportation gives riders options and clears our clogged roads of more cars. But the need for significant new capital funds was also shown in the mounting number of deferred maintenance projects. Indeed, new capital funds and the projects they represent will be the major impetus for further reinvention and operational savings for our vast system.

CTA and Metra celebrate their new openings.

This annual report highlights these and more innovations. From an entirely new management approach at the CTA to the operation of the first totally new transit technology in 100 years, 1996 saw events that will strengthen the RTA system as it reinvents itself for a new century of service to greater Chicagoland.

The CTA Privatization Opportunities Study identified millions of potential annual savings in purchasing and warehousing alone.

and ways of doing

business...

Shuttlebug service from Metra's newly opened Lake-Cook station is paid for by public and private funds. It completes the trip for over 250 reverse or suburb-to-suburb commuters.

CTA's new central warehouse is equipped with state-of-the-art inventory control systems.

The search for new approaches is shown in the **CTA Privatization Opportunities Study**. In March, RTA, CTA management and the unions representing CTA's employees sat together for the first time to create in-depth efficiency plans for specific CTA functions based on recommendations from the Fortune 500 consulting firm Mercer Management Consulting.

By year's end CTA budgeted $9 million in savings in purchasing and materials management, RTA and CTA agreed to share implementation costs and facilities maintenance—the next functional area—was under study. But the significance of 1996 to CTA was shown dramatically in other events, as well.

"We are reinventing the way we do business because we see no alternative. We are changing the CTA mindset. Our challenge is to empower our work force with this new approach."

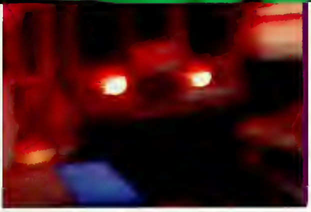
CTA Chairman Valerie B. Jarrett

to cut costs,

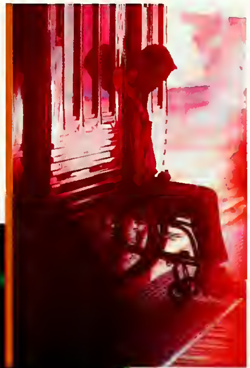
In August, CTA Chairman Valerie B. Jarrett and President David Mosena declared "**CTA** has been like a runaway train, hurtling toward a wall of financial ruin for years. Just putting the brakes on spending won't be enough to stop us. We have to start with a blank page and redesign the CTA for the 21st Century."

They froze hiring, restricted overtime, postponed purchases, sped sales of surplus property and started their redesign. And they announced that $5.7 billion is needed to repair and improve the CTA over the next ten years, building on its complete reconstruction of the Green Line.

Reconstructing the Douglas section of the Blue Line will cost more than $360 million.



The Green Line is the first U.S. elevated transit line to be closed, reconstructed and reopened.



"Transportation is essential. It must be supported. We cannot stand still, the commitment must be made now."
Metra Chairman Jeffrey R. Ladd

Metra began a 25 year bridge renovation program in 1990 that will cost at least $500 million.

increase

Metra opened its Lake-Cook station in January and its North Central Service in August. The American Public Works Association named the North Central its *Project of the Year*. It is the first new commuter rail service here in 70 years. The unprecedented involvement of the municipalities served is a model for future Metra expansion.

But the new line also points up the need for more railcars and locomotives. Some 250 cars and 15 locomotives —some with 50 years of service— must be replaced or rehabilitated. Metra also has 800 bridges reaching the century mark, of which almost 100 critically need reconstruction.

service,

Buffalo Grove has the greatest number of boardings on the North Central Service.

"Our biggest need is adequate capital to keep the system afloat, and improved."
Pace Chairman Florence Boone

Pace needs to replace 400 buses over the next five years. The success of its vanpool program depends on purchasing 600 new vehicles.

and create new

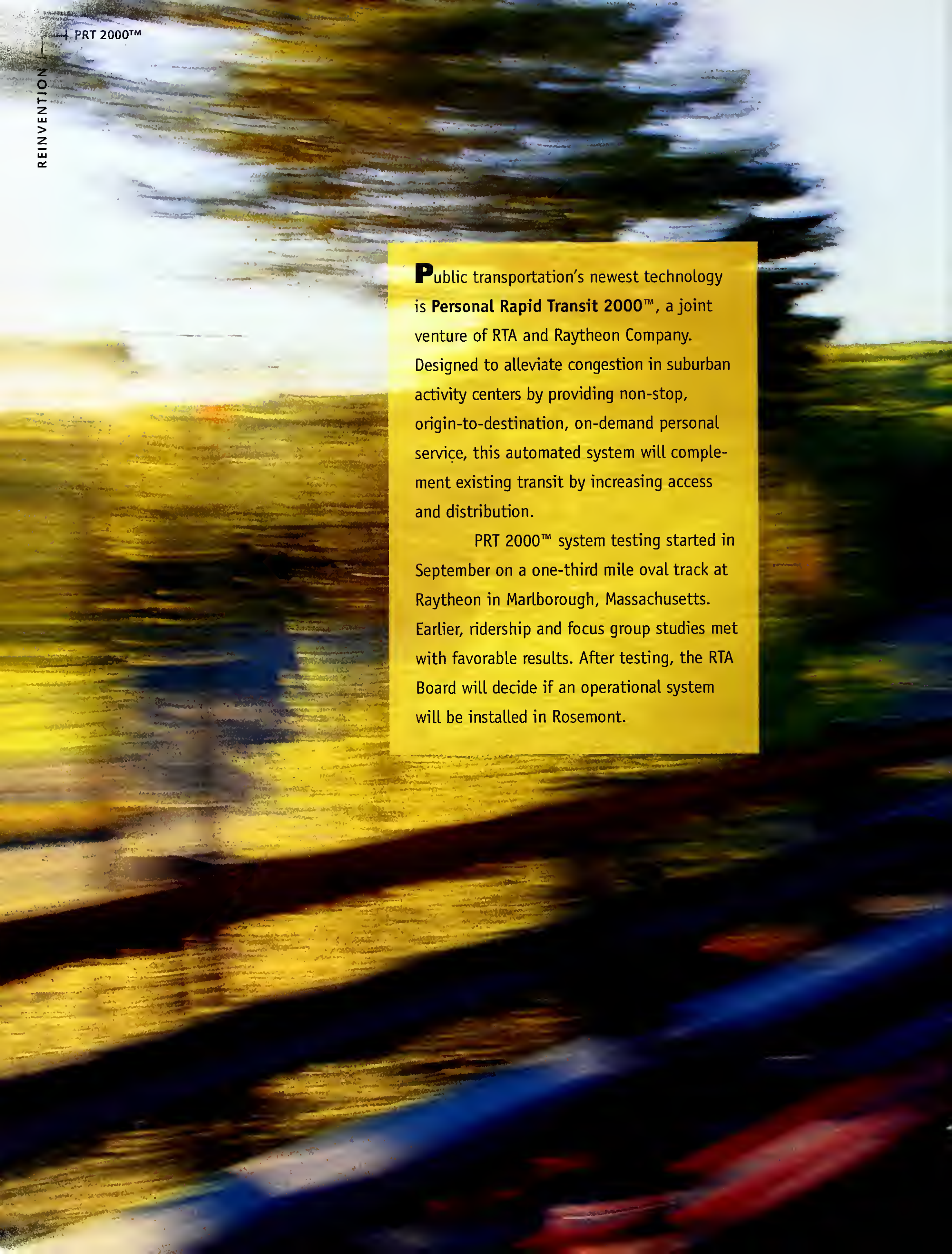
Two of transit's most difficult challenges nationally are servicing the reverse and suburb-to-suburb commute. Chicagoland is no different. Low densities and irregular patterns make traditional line-haul service ineffective.

Pace is showing progress on both fronts. For example, working with the not-for-profit Suburban Job-Link, Pace started reverse commute lines from the near southwest side of Chicago to carry first-time jobholders to a participating employer in Morton Grove.

Pace's Vanpool Incentive Program grew 25 percent in 1996. Already more than 90,000 riders are carried every month. The program's benefits to persons with disabilities earned Pace the Community Services Foundation's *Corporate Award*.

solutions,

New employees use Pace to reverse commute from Pilsen. One Pace vanpool replaces as many as 15 cars on our clogged suburban roads.



Public transportation's newest technology is **Personal Rapid Transit 2000™**, a joint venture of RTA and Raytheon Company. Designed to alleviate congestion in suburban activity centers by providing non-stop, origin-to-destination, on-demand personal service, this automated system will complement existing transit by increasing access and distribution.

PRT 2000™ system testing started in September on a one-third mile oval track at Raytheon in Marlborough, Massachusetts. Earlier, ridership and focus group studies met with favorable results. After testing, the RTA Board will decide if an operational system will be installed in Rosemont.

A new era in transit dawned in 1996.
RTA and Raytheon Company brought it about.

like **reinventing transit** itself,

and the way we **build** our **neighborhoods,**

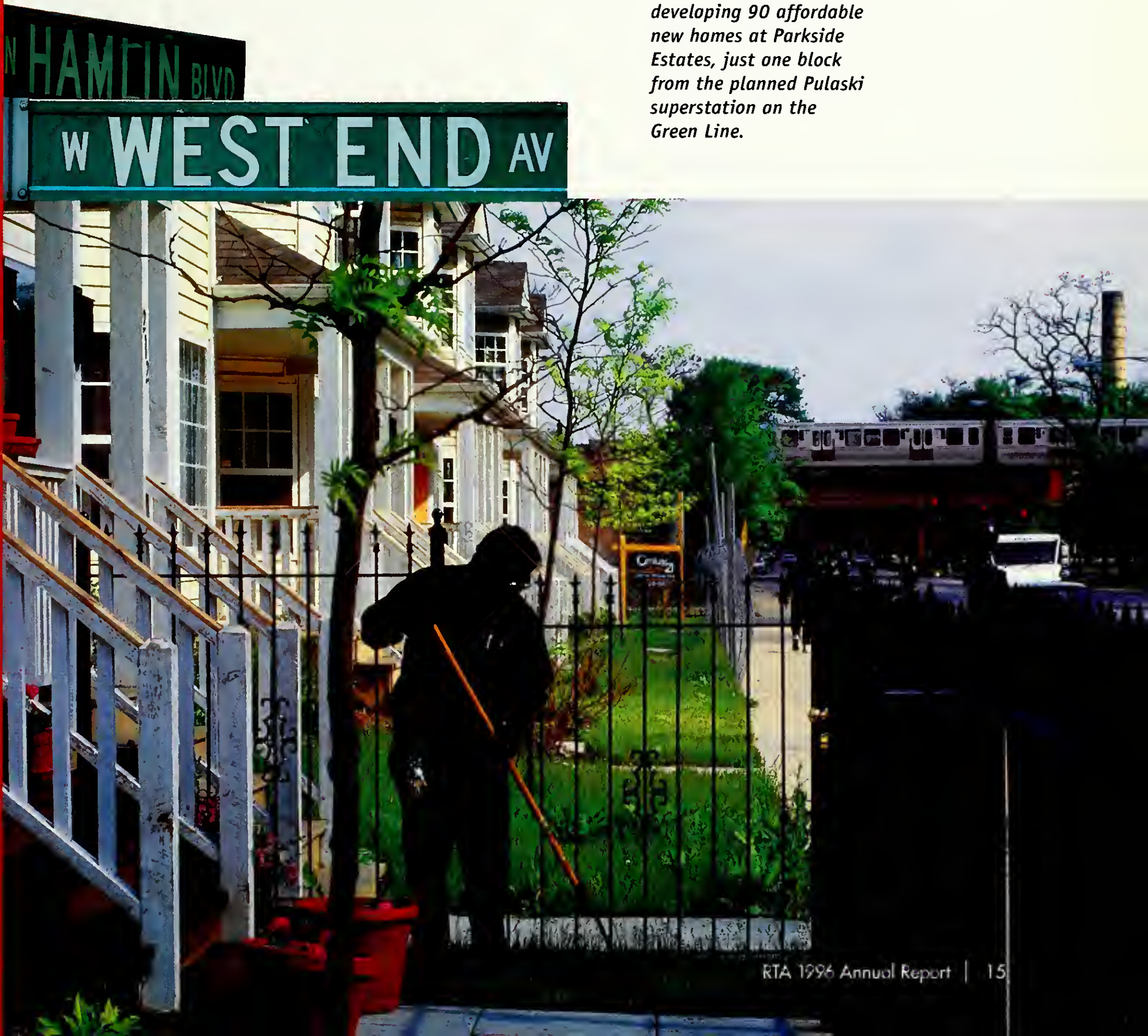
Prairie Crossing has been heralded nationally as recreating the suburban model. It provided major funding for the adjacent Metra stations.

RTA promotes **transit-oriented development** (TOD) that starts with the residents of a community and builds ridership in the long term. RTA is the premier municipal advocate of TOD in North America.

In 1996, RTA ran several TOD workshops, funded the *Guidelines for Transit-Supportive Development* by Lohan Associates for CTA, commissioned *The Visioning Process for Transit Supportive Neighborhood Revitalization, Case Study: Jefferson Park, Chicago, Illinois* by A. Nelessen Associates and announced a technical assistance program for the region's communities.

RTA's TOD initiative has been endorsed by the *Daily Herald* and featured by CNN, the *Chicago Tribune*, the *Daily Southtown* and numerous professional publications.

Bethel New Life is developing 90 affordable new homes at Parkside Estates, just one block from the planned Pulaski superstation on the Green Line.




FINANCIAL

while maintaining our 'AA' rating from Standard & Poor's."

CTA banked $11 million in 1996 using innovative financing.

RTA's first priority is financial oversight. It is carried on daily by Board members and staff. Their success is shown by the high ratings our bonds earn and the awards we receive. Again this year, their work was recognized by the Government Finance Officers Association, which awarded RTA their *Certificate of Achievement for Excellence in Financial Reporting*.

Unprecedented in 1996 was preparation of a funding policy to encourage innovative financing transactions by CTA, Metra and Pace, such as sale/leasebacks. The new policy clarifies how the proceeds of such transactions will be used to benefit riders and taxpayers.

Innovative financing, tactics for new commuting patterns and transit-oriented development all show that new thinking is welcome in the RTA system.

We are preparing for the future every day. As we do so, we recognize especially our need for significant new capital funds, as well as our need to reinvent. The alternatives are less service, more congestion, greater pollution and a reduced quality of life for all members of our community. Together, we will avoid the downward spiral.

Thomas J. McCracken, Jr.

Thomas J. McCracken, Jr.
RTA Chairman

1996

Pro Forma Combining
Financial Report
of the Regional Transportation Authority and Service Boards

contents

letter of transmittal

Regional Transportation Authority

Mr. Thomas J. McCracken, Jr.
Chairman
Regional Transportation Authority
181 West Madison Street
Chicago, Illinois 60602

We are pleased to present the Pro Forma Combining Annual Financial Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the Fiscal Year Ended December 31, 1996. This report fulfills the requirements of Section 4.05 of the RTA Act. This report presents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for mass transportation in the Northeastern Illinois Region.

The Pro Forma Combining Financial Statements have not been audited, but their compilation has been reviewed by the RTA's independent auditors. These report are available upon request.

As always, the staff recognizes the Board's commitment to fiscal responsibility and we look forward to ensure financially sound public transportation in Northeastern Illinois.

Best regards,

Joseph G. Costello

Joseph G. Costello
Chief Financial Officer

independent auditors' report

Board of Directors
Regional Transportation Authority
Chicago, Illinois

FERS FRIEDMAN EISENSTEIN RAEMER AND SCHWARTZ, LLP

We have compiled the accompanying pro forma combining balance sheet of the Regional Transportation Authority and Service Boards as of December 31, 1996, and the pro forma combining statement of revenues and expenditures, the pro forma combining statement of changes in public investment and fund balance and the pro forma combining statement of cash flows for the year then ended in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying pro forma financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We have audited the general purpose financial statements of the Regional Transportation Authority, the financial planning and oversight agency for regional transit operations, as of December 31, 1996, and have issued our report thereon dated April 25, 1997. Those financial statements are the responsibility of the management of the Regional Transportation Authority. Our responsibility is to express an opinion on those financial statements based on our audit. We did not audit the financial statements of the Regional Transportation Authority Pension Plan, which represent 26% and 100%, respectively, of the assets and revenues of the RTA's Fiduciary Fund Type. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Regional Transportation Authority Pension Plan, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Regional Transportation Authority as of December 31, 1996, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

As to the financial statements of the Service Boards, which include the Chicago Transit Authority (CTA), the Northeast Illinois Railroad Corporation (Metra), and the Suburban Bus Division (Pace), we were furnished with the reports of other auditors with respect to their audits for 1996. The auditors' reports on the Service Boards were unqualified. The auditors' report on Metra includes the following sentence: As discussed in Note 13 of the Notes to the Financial Statements, Metra is a defendant in litigation pertaining to the LaSalle Street Station. See Note 6 of the Notes to Pro Forma Combining Financial Statements for a discussion of this topic.

Our audit of the Regional Transportation Authority was made for the purpose of forming an opinion on the general purpose financial statements of the Regional Transportation Authority taken as a whole. The accompanying pro forma combining region-wide statement of revenues and expenditures and pro forma combining region-wide statement of revenues and expenditures - budget and actual are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Regional Transportation Authority.

The accompanying statistical data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements of the Regional Transportation Authority and, accordingly, we express no opinion on such statistical data.

Friedman Eisenstein Raemer and Schwartz, LLP

May 23, 1997

pro forma combining balance sheet

December 31, 1996 – (in thousands)

Assets	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Current Assets							
Cash and Investments							
Restricted	$282,356	$16,200	$83,262	$9,838	–	–	$391,656
Unrestricted	75,940	80,599	$37,435	7,536	–	–	201,510
Receivables							
Due from other funds	1,649	–	–	–	–	–	1,649
Intergovernmental receivables							
Federal operating assistance	21	–	–	–	–	–	21
Sales tax	144,857	–	–	–	–	–	144,857
Interest on sales tax	286	–	–	–	–	–	286
Reduced fare reimbursement	20,000	–	–	–	–	–	20,000
Additional State Assistance	3,039	–	–	–	–	–	3,039
Unified Work Program	191	–	–	–	–	–	191
Current portion of loans to Service Boards	3,670	–	–	–	–	3,670	–
JSIF claims and other	10,704	–	–	–	–	10,704	–
Advances to Service Boards	37,328	–	–	–	–	37,328	–
Grant projects	–	38,029	22,435	1,354	–	27,917	33,901
Financial assistance - RTA	–	69,223	34,644	19,306	–	123,173	–
Other carriers	–	–	217	85	–	–	302
Other receivables	73	9,779	10,860	3,951	–	1,093	23,570
Interest on investments	2,547	–	–	–	–	535	2,012
Materials and supplies	–	84,813	8,872	2,794	–	–	96,479
Prepaid items	4,454	1,466	2,050	312	–	–	8,282
Total Current Assets	587,115	300,109	199,775	45,176	–	204,420	927,755
Fixed Assets							
Plant, property and equipment	22,286	3,495,265	2,199,853	292,241	–	–	6,009,645
Construction in progress	–	–	6,600	3,663	–	–	10,263
Less: Accumulated depreciation	–	(791,059)	(740,950)	(131,736)	–	–	(1,663,745)
Total Fixed Assets	22,286	2,704,206	1,465,503	164,168	–	–	4,356,163
Other Assets							
Investment relating to employee benefit plan	66,343	209,010	21,736	–	–	–	297,089
Amount due under sale/leaseback	–	1,006,461	–	–	–	–	1,006,461
Other	–	11,296	–	–	–	–	11,296
Amount available in debt service fund	15,575	–	–	–	–	–	15,575
Amount to be provided for retirement of general long-term debt	977,540	–	–	–	–	–	977,540
Total Other Assets	1,059,458	1,226,767	21,736	–	–	–	2,307,961
Total Assets	$1,668,859	$4,231,082	$1,687,014	$209,344	–	$204,420	$7,591,879

pro forma combining balance sheet, continued

December 31, 1996 – (in thousands)

Liabilities, Public Investment and Fund Equity	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Current Liabilities							
Vouchers payable	$135	$87,677	$35,842	$6,482	–	–	$130,136
Due to other funds	1,649	–	–	–	–	–	1,649
Intergovernmental payables							
Federal operating assistance	21	–	–	–	21	–	–
Operating assistance	1,478	–	–	–	1,478	–	–
Reduced fare reimbursement	20,000	–	–	–	20,000	–	–
Capital assistance	5,754	–	–	–	5,754	–	–
Sales tax	123,129	–	–	–	123,129	–	–
Interest on sales tax	243	–	–	–	243	–	–
Advances from State	43,915	–	–	–	37,328	–	6,587
Other liabilities							
Accrued other expenses	4,593	88,936	19,684	4,612	1,469	–	116,356
Deferred operating assistance	–	3,269	–	–	2,341	–	928
Deferred revenue	–	9,661	7,126	–	–	–	16,787
Advances, deposits and other	–	7,595	–	–	–	–	7,595
Financial assistance to other carriers	–	–	1,322	44	–	–	1,366
Current portion of supplemental retirement	–	1,800	–	–	–	–	1,800
Current portion of amounts payable under leasing transactions	–	6,905	–	–	–	–	6,905
Current portion of capital lease obligation	–	406	–	–	–	–	406
Current portion of claims liability	–	61,600	–	5,844	–	–	67,444
Current obligation to RTA	–	7,170	37,563	3,786	48,519	–	–
Total Current Liabilities	200,917	275,019	101,537	20,768	240,282	–	357,959
Long-Term Liabilities							
General obligation bonds payable	993,115	–	–	–	–	–	993,115
Claims liability	–	157,976	39,075	6,178	–	–	203,229
Employees' deferred compensation plan	3,099	209,010	21,736	–	–	–	233,845
Supplemental retirement plan	–	24,280	–	–	–	–	24,280
Capital lease obligation	–	939,304	–	–	–	–	939,304
Amounts payable under leasing transactions	–	71,757	–	–	–	–	71,757
Deferred revenue - leasing transactions	–	54,077	–	–	–	–	54,077
Accrued pension cost	–	197,830	–	–	–	–	197,830
Long-term obligation to RTA	–	2,401	–	–	2,401	–	–
Other long-term liabilities	–	4,554	–	4,704	1,176	–	8,082
Total Long-Term Liabilities	996,214	1,661,189	60,811	10,882	3,577	–	2,725,519
Total Liabilities	1,197,131	1,936,208	162,348	31,650	243,859	–	3,083,478
Public Investment and Fund Equity							
Contributed capital	48,500	2,709,411	1,460,489	167,533	–	–	4,385,933
Investment in general fixed assets	22,286	–	–	–	–	–	22,286
Retained earnings (deficit)	(11,209)	(414,537)	64,177	10,161	–	–	(351,408)
Fund Balance:							
Reserved for 1987 and prior capital	1,514	–	–	–	–	–	1,514
Reserved for 1988 thru 1996 capital	51,333	–	–	–	465	–	50,868
Reserved for debt service	15,575	–	–	–	–	–	15,575
Reserved for employee retirement	63,588	–	–	–	–	–	63,588
Reserved for prepaid items	79	–	–	–	–	–	79
Reserved for bond capital projects	235,833	–	–	–	–	37,563	273,396
Reserved for other Service Boards capital	7,041	–	–	–	–	–	7,041
Unreserved, undesignated	37,188	–	–	–	–	2,341	39,529
Total Public Investment and Fund Equity	471,728	2,294,874	1,524,666	177,694	465	39,904	4,508,401
Total Liabilities, Public Investment and Fund Equity	$1,668,859	$4,231,082	$1,687,014	$209,344	$244,324	$39,904	$7,591,879

See accompanying notes to pro forma combining financial statements.

See accompanying compilation report of Friedman Eisenstein Raemer and Schwartz, LLP.

pro forma combining statement of revenues and expenditures

Year Ended December 31, 1996 – (in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Revenues							
Service Boards revenues	–	$404,286	$111,111	$41,300	$26,118	–	$530,579
RTA financial assistance	–	370,138	184,027	66,496	620,661	–	–
Other public funding	–	–	33	652	–	–	685
Sales taxes	532,305	–	–	–	–	–	532,305
Interest on sales tax	1,323	–	–	–	1,125	–	198
Federal operating assistance	21,598	–	–	–	–	–	21,598
Public Transportation Fund (PTF)	133,044	–	–	–	–	–	133,044
Additional State Assistance	35,678	–	–	–	–	–	35,678
State reduced fare reimbursement	20,435	–	–	–	–	–	20,435
Investment income	35,240	–	–	–	513	–	34,727
Non-operating revenue	–	1,027	–	–	–	–	1,027
Other grants and reimbursements	1,736	–	–	–	82	–	1,654
Total Revenues	781,359	775,451	295,171	108,448	648,499	–	1,311,930
Expenditures							
Operating expenses	–	805,925	268,176	108,649	–	3,855	1,178,895
Depreciation	–	99,901	112,634	22,846	–	–	235,381
Operating grants to Service Boards	597,017	–	–	–	–	597,017	–
Capital grants to Service Boards	149,215	–	–	–	–	25,985	123,230
Other grants to Service Boards	82	–	–	–	–	82	–
State reduced fare reimbursement	20,435	–	–	–	–	20,435	–
Interest on sales tax to Service Boards	1,125	–	–	–	–	1,125	–
Administration	4,953	–	–	–	–	–	4,953
Regional expenses	15,148	–	–	–	–	–	15,148
Debt service	77,756	–	–	–	–	–	77,756
Capital Outlay	4,523	–	–	–	–	–	4,523
Total Expenditures	870,254	905,826	380,810	131,495	–	648,499	1,639,886
Net Revenues (Expenditures) before depreciation exclusion, retirement of debt and capital farebox financing	(88,895)	(130,375)	(85,639)	(23,047)	648,499	648,499	(327,956)
Depreciation exclusion	–	95,301	112,634	22,846	–	–	230,781
Bond Proceeds	150,957	–	–	–	–	–	150,957
Retirement of debt	(148,276)	–	–	–	–	–	(148,276)
Capital farebox financing	–	–	8,018	–	–	–	8,018
Net Revenues (Expenditures)	($86,214)	($35,074)	$35,013	($201)	$648,499	$648,499	($86,476)

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of Friedman Eisenstein Raemer and Schwartz, LLP.

pro forma combining statement of changes in public investment and fund balance

Year Ended December 31, 1996 – (in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Balance at December 31, 1995	$557,214	$2,109,460	$1,455,211	$172,679	–	–	$4,294,564
Net revenues (expenditures)	(86,214)	(35,074)	35,013	(201)	$648,499	$648,499	(86,476)
Adjustment to Fund Balance	–	–	–	–	465	39,904	39,439
Net additions of general fixed assets	728	–	–	–	–	–	728
Contributed capital assets							
Federal Transportation Authority	–	186,450	86,203	19,273	–	–	291,926
Illinois Department of Transportation	–	25,320	15,143	1,510	–	–	41,973
Regional Transportation Authority	–	104,019	43,859	7,279	–	–	155,157
Service Boards	–	–	1,871	–	–	–	1,871
Current year depreciation on other capital assets	–	(95,301)	(112,634)	(22,846)	–	–	(230,781)
Balance at December 31, 1996	$471,728	$2,294,874	$1,524,666	$177,694	$ 648,964	$688,403	$4,508,401

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of Friedman Eisentein Raemer and Schwartz, LLP.

pro forma combining statement of cash flows

Year Ended December 31, 1996 – (in thousands)

	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash Flows From Operating Activities					
Operating loss	($4,942)	($501,540)	($269,699)	($90,196)	($866,377)
Reconciling adjustments					
Depreciation	–	99,901	112,634	22,846	235,381
Provision for claims	–	17,019	3,820	(3,427)	17,412
Investment income	–	(5,278)	–	–	(5,278)
Change in assets and liabilities					
Decrease (increase) in receivables	(503)	(1,694)	(1,863)	961	(3,099)
Decrease (increase) in materials and supplies	–	(16,726)	390	(247)	(16,583)
Decrease (increase) in prepaid items and other assets	(88)	(5,401)	(1,241)	18	(6,712)
Increase (decrease) in vouchers payable	–	11,883	(1,483)	(694)	9,706
Increase (decrease) in other liabilities	–	20,745	(244)	(25)	20,476
Increase in current obligation - RTA	–	–	32,893	–	32,893
Increase in other accrued expenses	14	25,670	4,505	458	30,647
Increase (decrease) in deferred revenues	–	(6,260)	3,411	–	(2,849)
Net Cash Used in Operating Activities	(5,519)	(361,681)	(116,877)	(70,306)	(554,383)
Cash Flows From Noncapital Financing Activities					
Financial Assistance - operating	–	390,695	184,060	66,232	640,987
Proceeds from lease transactions	–	7,453	–	–	7,453
Decrease in accounts receivable financial assistance - RTA	–	–	(1,809)	–	(1,809)
Increase (decrease) in obligation to RTA	–	(6,769)	–	3,886	(2,883)
Decrease in due to other fund	(515)	–	–	–	(515)
Net Cash Provided by (Used in) Noncapital Financing Activities	(515)	391,379	182,251	70,118	643,233
Cash Flows From Capital and Related Financing Activities					
Financial assistance - grant projects	–	315,789	145,205	28,250	489,244
Capital farebox financing	–	–	8,018	–	8,018
Decrease in receivable - grant projects	–	–	3,321	–	3,321
Capital grants	–	(334,962)	(185,713)	(31,007)	(551,682)
Net Cash Provided by (Used in) Capital and Related Financing Activities	–	(19,173)	(29,169)	(2,757)	(51,099)
Cash Flows from Investing Activities					
Decrease in investments	9,514	–	–	–	9,514
Investment income	375	5,278	–	–	5,653
Decrease in interest receivable	93	–	–	–	93
Purchase of long-term marketable securities	–	(1,940)	(11,949)	–	(13,889)
Sales of long-term marketable securities	–	1,940	18,384	–	20,324
Net Cash Provided by Investing Activities	9,982	5,278	6,435	–	21,695
Net increase (decrease) in cash and temporary investments	3,948	15,803	42,640	(2,945)	59,446
Cash and cash equivalents at beginning of year	15,628	79,376	33,490	20,319	148,813
Cash and cash equivalents at end of year	$19,576	$95,179	$76,130	$17,374	$208,259

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of Friedman Eisentein Raemer and Schwartz, LLP.

notes to the pro forma combining financial statements

1 Organizational Structure

RTA. The Regional Transportation Authority (RTA) was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois Region (Region). The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. At that time, the RTA made grants to the Chicago Transit Authority (CTA), which provided the bus and rapid transit service in Chicago and some adjacent Cook County suburbs. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning and oversight entity. The reorganization placed all operating responsibilities in the CTA and two operating divisions of the RTA: the Commuter Rail Division (Metra) and the Suburban Bus Division (Pace), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the RTA Act as the "Service Boards."

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole achieves annually a "system-generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of transportation services. The Service Boards achieve their required recovery ratio by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has certain financial oversight responsibilities relating to the budgets and financial performance of the CTA, Metra and Pace.

CTA. The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

Metra. The Northeast Illinois Regional Commuter Railroad Corporation, a public corporation acting under the service name of Metra, was established in 1980 to serve as the RTA's commuter rail division. Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, fare levels and service and facilities planning for its operations. Metra is directly responsible for the operation and management of the commuter services formerly provided by Rock Island, Milwaukee Road, Metra Electric and Heritage Corridor, North Central Service and Metra SouthWest Service commuter rail lines. Metra also has responsibility for administration of all commuter rail activities in the metropolitan Chicago area including deficit funding, capital grant application and administration activities.

Deficit funding operations arise from purchase of service agreements with the participating Chicago commuter rail carriers including: Union Pacific Railroad, Burlington Northern Sante Fe and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined), or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of these carriers, other than capital improvements funded by Federal, State and local grants and by Metra-generated funds, is vested with the carriers and, accordingly, such assets are not reflected in these financial statements.

Pace. Independent operations of Pace commenced July 1, 1984. The Pace Board of Directors is empowered to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

Pace determines the level, nature and kind of public transportation services that should be provided in the suburban region.

Reporting Periods. The RTA, CTA, Metra and Pace all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 1996 year-end.

2 Reporting Entity

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14 (Statement No. 14), "The Financial Reporting Entity."

In the judgment of the management of each of the entities and with the concurrence of their auditors, analysis and application of Statement No. 14 criteria indicate that, while the RTA does exercise some fiscal oversight, the CTA, Metra and Pace are not part of the RTA reporting entity for the purposes of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards.

In arriving at this conclusion, the following factors were considered:

- The CTA, Metra and Pace maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with Federal and State transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The CTA, Metra and Pace are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the CTA, Metra and Pace are excluded, except for the Chairman of the Chicago Transit Board who is also an RTA Board member, from serving on more than one entity's board of directors, including that of the RTA.

- The RTA Board is required by Illinois statutes to approve the budgets of the Service Boards if such budgets meet specified system-generated revenue recovery ratios.

Accordingly, financial statements for the CTA, Metra and Pace are not included or combined with the RTA's financial statements. They are combined, however, in this Pro Forma combining Annual Financial Report. The Pro Forma Combining Annual Financial Report is a statutorily required report and is not presented in accordance with governmental accounting and financial reporting standards.

3 Summary of Significant Accounting Policies

The accounting policies of the RTA, CTA, Metra and Pace conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Fund Accounting. The RTA maintains its records using a governmental fund accounting model consisting of a General Fund, Debt Service Funds, Capital Projects Funds, a Proprietary Fund (Internal Service), Agency Funds and a Pension Trust Fund. All Governmental Funds and the Pension Trust and Agency Funds are accounted for using the modified accrual method of accounting (i.e., revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred). The Proprietary Fund is accounted for on the accrual method of accounting. Fixed asset transactions are accounted for in the General Fixed Assets Account Group. Long-term liabilities are accounted for in the General Long-Term Debt Account Group. For the purpose of these pro forma statements, all RTA funds and account groups have been combined. Due to the combination, the RTA Combined Funds columns do not present financial position and results of operations in conformity with generally accepted accounting principles.

The Service Boards are accounted for on a Proprietary Fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these pro forma combining financial statements, the individual Service Board financial statements are combined with those of the RTA.

Cash and Investments. All investments are recorded at cost, which approximates market value, except for investments held by the RTA Pension Plan and Trust and the RTA, CTA and Metra for their deferred compensation plans, which are reported at market value.

Fixed Assets. All fixed assets are recorded at cost. In calculating depreciation, each of the Service Boards uses the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from one to forty-five years.

Materials and supplies. Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average cost method to determine the cost base. Pace uses the first-in, first-out method to determine cost.

Compensated Absences. All four entities have recorded a liability for vested vacation time in the year the time was earned.

Revenues. The RTA and Service Boards have five principal sources of revenue and other financial sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes and use taxes (collectively, Sales Taxes);

notes to the pro forma combining financial statements

(3) funds appropriated to the RTA by statute through the State's Public Transportation Fund established under the RTA Act; (4) funds in respect of State or Federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue. A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Sales Taxes. The RTA Sales Tax currently imposed by the RTA consists of (i) in Cook County, (a) a tax of 1% of the gross receipts from sales of drugs, certain medical supplies and food prepared for consumption off the premises (other than for immediate consumption) imposed on all persons selling tangible personal property at retail (a Food and Drug Tax) and (b) a tax of .75% of the gross receipts from all other taxable retail sales; (ii) in counties within Northeastern Illinois (other than Cook County) a tax of .25% of the gross receipts from all taxable retail sales (together with (i) (b), a General Sales Tax); and (iii) a tax of .75% on the use in Cook County and .25% on the use in Northeastern Illinois other than Cook County of tangible personal property purchased from a retailer outside Northeastern Illinois and titled or registered with a State agency by a person with a Northeastern Illinois address (a Use Tax). The taxes described in (i) and (ii) above are also imposed on persons engaged in making sales of services pursuant to which tangible personal property or real estate (as incident to a sale of a service) is transferred (with respect to the taxes in (i) and (ii), a Service Occupation Tax).

The RTA Sales Tax is collected by the Illinois Department of Revenue and paid to the Treasurer of the State of Illinois to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasury on the order of the State Comptroller.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the State and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax and State Service Occupation Tax portions of the RTA Sales Tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the Sales Tax Reform Act) aimed at simplifying the base and rate structure of taxes imposed by the State and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA Sales Tax in Cook County were reduced from 1% to .75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA Sales Tax, the Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the State but registered or titled with a State agency within the State (i.e., .25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the CMTD Fund). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (the Replacement Fund). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside of the State but registered or titled with a State agency within the State, are deposited in the State and Local Sales Tax Reform Fund (the Reform Fund). Ten percent of the money paid into the Reform Fund is then transferred into the Replacement Fund.

The RTA Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Boards	Collected within Chicago	Collected within Cook County Outside Chicago	Collected in DuPage, Kane, Lake, McHenry and Will Counties
CTA	100%	30	-
Metra	-	55	70
Pace	-	15	30

The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Public Transportation Fund (PTF). In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the "Public Transportation Fund" an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes). These amounts may be paid to the RTA only upon State appropriation. The State has approved an appropriation from the Public Transportation Fund through its 1997 fiscal year which will end June 30, 1997.

None of the revenues from the Public Transportation Fund are payable to the RTA unless and until it certifies to the Governor, State Comptroller and Mayor of the City of Chicago that the RTA has adopted a budget and financial plan as called for by the RTA Act.

The amounts allocable to each of the Service Boards from funding received by the RTA from the State's Public Transportation Fund are allocated at the discretion of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Federal Operating Assistance Grant. A grant is provided to the RTA by the Federal Transit Administration (FTA) under Section 5307. The revenue is recognized on the modified accrual basis in the year funds are actually received based upon final approval of the grant. All funds received under this grant are "passed through" to the Service Boards.

Reduced Fare Reimbursement. The Illinois General Assembly has appropriated funds for a program under which the Illinois Department of Transportation is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for actual revenue losses attributable to reduced fares for students, people with disabilities and the elderly. The revenue is recognized on the modified accrual basis when the amount is requested from the Illinois Department of Transportation.

Cash Flows. For purposes of the pro forma combining statement of cash flows, the RTA and the Service Boards consider all investments with original maturities of three months or less to be cash equivalents. Such amounts are included in the "Cash and Investments" line items on the accompanying pro forma balance sheet.

As described in Note 5, during 1995, the CTA acquired $13,320,476 of land and buildings under a capital lease obligation. Additionally, as also described in Note 5, the CTA also entered into two lease financing transactions with a third party in 1996 whereby the CTA accrued amounts payable under the lease transaction of $78,663,105 and placed assets to satisfy the rental amounts payable in trust. Further, the CTA entered into two sale/leaseback transactions with third parties during 1995 whereby the CTA assumed capital lease obligations aggregating $848,689,350 and placed assets to satisfy such obligations in trust.

Combining Adjustments. Inter-agency receivables, payables, revenues, expenses and expenditures have been eliminated in the Combining Adjustments column, however, there are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these pro forma combining financial statements, such differences are recorded as combining adjustments to fund balance.

Pro Forma Combined Balances. The columns presenting the combined balances for the RTA and Service Boards are statutorily required and do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

4 Budget and Budgetary Accounting

Section 4.01(a) of the RTA Act requires the RTA to prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The RTA's budget is comprehensive and includes the activity in its General and Sales Tax (Agency) Funds.

The annual budget and related appropriations are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles except for capital grants, which are budgeted for on a project basis, which normally exceeds one year, and debt service payments, which are budgeted as transfers from the

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General Fund. Budgets for capital grants that extend beyond one year are presented in the first year of the grants and represent the total amounts awarded. All appropriations lapse at year-end. During the year, no supplementary appropriations, which require approval by the RTA Board, were passed. Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. Additional budget detail is used by management for monitoring purposes. It is the policy of the RTA to fund the budgets of the Service Boards, up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

1. The first source of funds to be credited against the budgeted funding amount is from FTA operating assistance grants;
2. The second source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
3. The third source of funds to be credited against the budgeted funding amount is from PTF receipts; and
4. The fourth source of funds credited against the budgeted funding amount is from RTA 15% sales tax receipts and other discretionary receipts.

The reimbursement of Service Boards' capital expenditures, the payment of PTF funds, reduced fare reimbursements, the 15% tax revenues and other discretionary funds of the RTA shall be made under the terms and conditions of grant agreements governing such expenditures.

5 Leases

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals and for rent expense on the facility it occupies.

Effective January 1, 1995, the CTA, as Lessee, entered into a noncancelable lease agreement with the Public Building Commission of Chicago (the PBC), as Lessor, whereby the CTA acquired $13,320,476 of land and buildings under a capital lease obligation and agreed to make certain semiannual rental payments to the PBC under a capital lease. The present value of the future minimum lease payments, excluding administrative costs, over the remaining term is $12,937,830, net of interest and executory costs of $11,042,670. The lease obligation is financed and secured by future sales tax revenues received by the CTA.

During 1996, the CTA entered into lease/leaseback agreements (the 1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of $44.6 million at December 31, 1996. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (the Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (the Lease).

During 1996, the CTA received certain funds as prepayment by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Lease, and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due by the CTA and may take possession of the facilities upon a default by the CTA under the Lease. Under the Lease, the CTA is required to make annual rental payments of $12.6 million during the years 1997 through 2002 and a $7.8 million payment in the year 2004. The Lease also requires a payment at the end of the initial term (in the year 2024) of $653.5 million, which is due on the same day as the only remaining payment due from the Equity Trust of $550.8 million. The present value of the future payments to be made by CTA under the leases (net of the payment due from the Equity Trust in 2024) of approximately $78.7 million is reflected in the accompanying December 31, 1996 balance sheet as amounts payable under leasing transactions.

In connection with the 1996 Agreements, the CTA also received proceeds of $10.9 million and agreed to make approximately $80 million of improvements to one of the facilities. The FTA has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds in income over the remaining 28-year life of the leases.

During 1995, the CTA entered into sale/leaseback agreements (the 1995 Agreements) with third parties. The 1995 Agreements provided for the CTA to sell and lease back certain rail equipment totaling $487,103,405 at cost for a period of 19 years beginning on the date of the respective transaction. At December 31, 1996 and 1995, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling $926,771,790 and $848,689,350. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

In connection with the 1995 Agreements, the CTA also sold certain tax rights and received proceeds of $52.0 million. The FTA has approved the CTA's right to the benefit received from these transactions. Accordingly, at the inception of the leases, the CTA elected to defer the proceeds over the remaining life of the leases.

6 Commitments and Contingencies

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented. However, on February 16, 1996, a jury sitting in the United States District Court for the Northern District of Illinois returned a verdict against Metra and the RTA (the defendants) in an action brought against the defendants for their alleged breach of contract and indemnification claims and in favor of Metra and the RTA on their alleged counterclaims for breach of the "Lump Sum" Agreement and indemnification of construction delay costs. All claims stem from a dispute over the plaintiff's claimed desire to construct an air rights development over the LaSalle Street Station. A judgment against the defendants was entered in the Court in the amount of $24.6 million and against the plaintiff in the amount of $782,000. No provision has been made for the judgment in the accompanying pro forma combining financial statements. On February 29, 1996, Metra and the RTA filed their motion for judgment as a matter at law, or, in the alternative, for a new trial, on plaintiff's breach of contract and indemnification counts. These motions were denied on August 26, 1996, and the Court entered final and appealable judgment based on the verdicts. Metra and the RTA intend to vigorously pursue an appeal of the judgment. In the opinion of management, based on advice of counsel, the ultimate outcome of the post-trial motions cannot presently be determined.

Each of the entities has also established liabilities for potential legal judgments to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

7 Cash and Investments

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et. seq. Each of the four entities also has established its own investment policy which is in line with the State statute, or, in some cases, more restrictive.

The RTA and Service Boards have on hand at December 31, 1996, $890 million of cash and investments. Of that amount, $689 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, capital projects and employee retirement benefits.

8 Loans and Advances to Service Boards

During 1992, the RTA made a loan for $11.011 million to the CTA. An additional $10 million loan was made in 1993. The CTA repaid $10 million in 1994, $3.671 million in 1995 and $3.67 million in 1996. The loans are free of interest with the remaining repayment in the amount of $3.67 million to be made on May 1, 1997.

At December 31, 1996, the RTA, through the Joint Self-Insurance Fund, had outstanding cash advances due from the Service Boards for liability claims paid. The advances are due as follows:

	CTA	Pace	Total
1997	3,500,000	1,000,000	4,500,000
1998	2,524,437	1,000,000	3,524,437
1999	–	1,000,000	1,000,000
2000	–	600,000	600,000
Total	$6,024,437	3,600,000	9,624,437

notes to the pro forma combining financial statements

The advances accrued interest at 5.305% during 1996. Accrued interest due from the CTA and Pace amounted to $348,528 and $186,176, respectively, at December 31, 1996.

9 General Obligation Bonds Payable

Changes during the year in bonds payable were as follows:

General Obligation	December 31, 1995	New Issues	Retirements	December 31, 1996
1986A	$5,040,000	–	5,040,000	–
1990A	73,465,000	–	1,480,000	71,985,000
1991A	95,765,000	–	1,555,000	94,210,000
1992A & 1992B	218,000,000	–	–	218,000,000
1993A & 1993B	110,000,000	–	–	110,000,000
1993C Refunding	22,985,000	–	150,000	22,835,000
1994A & 1994B	272,485,000	–	63,995,000	208,490,000
1994C & 1994D	191,965,000	–	75,605,000	116,360,000
1996A Refunding	–	151,235,000	–	151,235,000
Total	$989,705,000	151,235,000	147,825,000	993,115,000

Advance Refundings. On June 21, 1993, the RTA advance refunded a portion of its 1990A Series general obligation bond issue. The RTA issued $23,265,000 of general obligation refunding bonds (1993C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. At December 31, 1996, $20,350,000 of outstanding general obligation bonds (1990A Series) are considered defeased.

On January 30, 1996, the RTA advance refunded a portion of its 1994B and 1994D Series general obligation bond issues. The RTA issued $151,235,000 of general obligation refunding bonds (1996A Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. At December 31, 1996, $60,300,000 of outstanding general obligation bonds (1994B Series) and $75,605,000 of outstanding general obligation bonds (1994D Series) are considered defeased. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by $7.0 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $4.4 million, a 3.2% savings on the previous debt service expense.

Debt Service Requirements. The "debt service requirements" set forth on the following tables represent payments due the trustee, as required by the respective bond agreements. The "principal maturity" columns represent payments due bond holders from the trustee.

1986 General Obligation Bonds. On November 1, 1986, the RTA issued $40 million in General Obligation Bonds, Series 1986A, to establish the Joint Self-Insurance Fund for the RTA, CTA, Metra and Pace. The purpose of the Joint Self-Insurance Fund is to provide a source from which to pay substantial damage and other claims above retained limits payable by any of the participants arising out of personal injuries, property damage and certain other losses and damages. The Self-Insurance Agreement provides that the Joint Self-Insurance Fund is not available to pay the principal or interest on the Series 1986A Bonds.

The remaining Series 1986A Bonds matured on November 1, 1996 and no additional principal or interest is payable on this issue.

1990 General Obligation Bonds. In May, 1990, the RTA issued $100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the CTA, Metra and Pace.

The Series 1990A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semiannually thereafter on May 1 and November 1 in each remaining year.

Debt service requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total	Principal Maturity
1997	$1,575,000	5,142,500	6,717,500	1,575,000
1998	1,680,000	5,038,550	6,718,550	1,680,000
1999	1,790,000	4,925,150	6,715,150	1,790,000
2000	1,915,000	4,803,430	6,718,430	1,915,000
2001	2,045,000	4,671,295	6,716,295	2,045,000
Thereafter	62,980,000	64,448,590	127,428,590	62,980,000
Total	$71,985,000	89,029,515	161,014,515	71,985,000

1991 General Obligation Bonds. In November, 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the CTA, Metra and Pace.

The Series 1991A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semiannually thereafter on November 1 and May 1 in each remaining year.

Debt service requirements on the 1991A Bonds to maturity are set forth below:

	Debt Service Requirements			Principal
Year	Principal	Interest	Total	Maturity
1997	$1,640,000	6,186,119	7,826,119	1,640,000
1998	1,735,000	6,095,099	7,830,099	1,735,000
1999	1,830,000	5,996,204	7,826,204	1,830,000
2000	1,940,000	5,889,149	7,829,149	1,940,000
2001	2,055,000	5,773,719	7,828,719	2,055,000
Thereafter	85,010,000	71,539,769	156,549,769	85,010,000
Total	$94,210,000	101,480,059	195,690,059	94,210,000

1992 General Obligation Bonds. In June, 1992, the RTA issued $188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the CTA, Metra and Pace.

The Series 1992A and 1992B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.30% to 9.00% on December 1, 1992 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1992A and 1992B Bonds to maturity are set forth below:

	Debt Service Requirements			Principal
Year	Principal	Interest	Total	Maturity
1997	$2,176,364	14,352,169	16,528,533	-
1998	3,540,909	14,243,413	17,784,322	3,420,000
1999	3,743,636	14,051,779	17,795,415	3,610,000
2000	3,963,182	13,840,569	17,803,751	3,820,000
2001	4,200,909	13,611,943	17,812,852	4,045,000
Thereafter	200,375,000	166,808,849	367,183,849	203,105,000
Total	$218,000,000	236,908,722	454,908,722	218,000,000

1993 General Obligation Bonds. In June, 1993, the RTA issued $55 million in General Obligation Bonds, Series 1993A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $55 million in General Obligation Bonds, Series 1993B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the CTA, Metra and Pace.

The Series 1993A and 1993B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 4.21% to 5.85% on December 1, 1993 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1993A and 1993B Bonds to maturity are set forth below:

	Debt Service Requirements			Principal
Year	Principal	Interest	Total	Maturity
1997	$1,919,091	6,163,792	8,082,883	1,865,000
1998	2,007,273	6,080,980	8,088,253	1,950,000
1999	2,097,273	5,990,356	8,087,629	2,040,000
2000	2,200,000	5,891,476	8,091,476	2,130,000
2001	2,316,364	5,783,380	8,099,744	2,240,000
Thereafter	98,273,181	76,464,787	174,737,968	99,775,000
Total	$108,813,182	106,374,771	215,187,953	110,000,000

1993 General Obligation Refunding Bonds. In June, 1993, the RTA issued $23.265 million in General Obligation Bonds, Series 1993C, to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds maturing November 1 in the years 2003, 2004, 2005 and 2009 in the aggregate amount of $20.35 million.

The Series 1993C Refunding Bonds mature on June 1 over a sixteen-year period and interest is payable at rates ranging from 2.75% to 5.70% on December 1, 1993 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1993C Refunding Bonds to maturity are set forth below:

notes to the pro forma combining financial statements

Year	Debt Service Requirements Principal	Interest	Total	Principal Maturity
1997	$163,182	1,243,088	1,406,270	160,000
1998	171,364	1,235,962	1,407,326	165,000
1999	178,182	1,228,143	1,406,325	175,000
2000	186,364	1,219,650	1,406,014	180,000
2001	196,364	1,210,458	1,406,822	190,000
Thereafter	21,837,725	5,602,816	27,440,541	21,965,000
Total	$22,733,181	11,740,117	34,473,298	22,835,000

1994 General Obligation Bonds. In May, 1994, the RTA issued $195 million in General Obligation Bonds, Series 1994A, to pay the cost of purchasing and reconstructing railcars for Metra. Proceeds of Series 1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for rehabilitation of railcars for the CTA. The RTA also issued $80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the CTA, Metra and Pace.

The Series 1994A and 1994B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 3.75% to 8.00% on December 1, 1994 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994A and 1994B Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total	Principal Maturity
1997	$3,860,000	13,218,688	17,078,688	3,860,000
1998	4,045,000	13,025,888	17,070,888	4,045,000
1999	4,245,000	12,814,393	17,059,393	4,245,000
2000	4,470,000	12,585,568	17,055,568	4,470,000
2001	4,705,000	12,340,078	17,045,078	4,705,000
Thereafter	187,165,000	169,008,940	356,173,940	187,165,000
Total	$208,490,000	232,993,555	441,483,555	208,490,000

In December, 1994, the RTA issued $62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the CTA, Metra and Pace required by the Americans with Disabilities Act, and for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued $129.965 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA's rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

The 1994C and 1994D Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.30% to 7.75% on June 1, 1995 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994C and 1994D Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total	Principal Maturity
1997	$2,095,000	8,535,640	10,630,640	2,095,000
1998	2,215,000	8,418,102	10,633,102	2,215,000
1999	2,340,000	8,288,807	10,628,807	2,340,000
2000	2,485,000	8,148,225	10,633,225	2,485,000
2001	2,635,000	7,995,867	10,630,867	2,635,000
Thereafter	104,590,000	107,290,710	211,880,710	104,590,000
Total	$116,360,000	148,677,351	265,037,351	116,360,000

1996A General Obligation Bonds. In January, 1996, the RTA issued $151.235 million in General Obligation Bonds, Series 1996A, to provide funds to refund in advance of maturity the RTA's outstanding Series 1994B Bonds, maturing June 1 in the years 2006-2024, in the aggregate amount of $60.3 million and Series 1994D Bonds, maturing June 1 in the years 2009-2025, in the aggregate amount of $75.605 million.

The Series 1996A Refunding Bonds mature on June 1 over a twenty-two-year period and interest is payable at rates ranging from 5.125% to 5.50% on June 1, 1996 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1996A Refunding Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total	Principal Maturity
1997	$470,000	8,247,894	8,717,894	470,000
1998	490,000	8,223,294	8,713,294	490,000
1999	515,000	8,197,541	8,712,541	515,000
2000	540,000	8,170,506	8,710,506	540,000
2001	570,000	8,142,063	8,712,063	570,000
Thereafter	148,650,000	131,401,271	280,051,271	148,650,000
Total	$151,235,000	172,382,569	323,617,569	151,235,000

All the bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The bonds are payable from all revenues and all other funds received or held by the RTA (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations) that lawfully may be used for retiring the debt.

The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State of Illinois. If for any reason the required monthly debt service payment has not been made by the RTA, the trustee is to deduct it from the receipts. If all payments have been made, the funds are made available to the RTA for regular use.

Under the Act, the CTA, Metra and Pace farebox receipts and funds on hand are not available for payment of debt service.

In the RTA's Debt Service Fund, $15,575,031 is available to service principal and interest payments of the RTA's long-term debt as of December 31, 1996.

10 Deferred Compensation

Each of the entities offers a deferred compensation plan to its employees. The RTA, CTA and Metra have plans created in accordance with Internal Revenue Code Section 457. RTA, Metra and Pace also offer 401(k) plans.

In each Section 457 plan, all amounts deferred, all property or rights purchased with such amounts and all earnings on such investments are unrestricted assets of the entity until paid to the participant. The entities believe they have no liability for losses under the plans, but do have the duty of due care that would be required of an ordinary prudent investor. The participants' rights under the plan are equal to those of general creditors, although none of the entities plan to use these assets to satisfy the claims of general creditors in the future.

11 Pension

All eligible employees of the four entities are covered under a pension plan. RTA employees, as well as nonunion employees of Metra and Pace are covered under the RTA Pension Plan, which is a multi-employer, noncontributory, defined benefit cost sharing plan. The union employees of Metra and Pace are covered under various other plans as are required by their collective bargaining agreements.

The CTA maintains two single-employer defined benefit pension plans, the Employees' Retirement Plan and the Supplemental Retirement Plan, covering substantially all full-time permanent union and nonunion employees and Chicago Transit Board members. The Employees' Retirement Plan is governed by the terms of the employees' collective bargaining agreement. The Supplemental Retirement Plan, which includes a retirement plan for Board Members and the Supplemental Retirement Plan for officers, executives, supervisory and professional employees, provides benefits, in addition to the Employees' Retirement Plan, to management employees in certain employment classifications and Chicago Transit Board members.

In 1995, the CTA adopted the Governmental Accounting Standards Board's Statement No. 27 (Statement No. 27), "Accounting for Pensions by State and Local Governmental Employers." Statement No. 27 requires that the accrued pension liability at the transition (adoption) date be calculated as the cumulative difference, including interest, between an employer's required contributions in accordance with the pension plan's actuarially required contribution funding requirements and the actual contributions made by the employer for all fiscal years beginning after December 15, 1986 and through the date of transition. The effect of the CTA's adoption of Statement No. 27, which was recorded as of January 1, 1994, was a $77,348,728 reduction in its accumulated deficit and accrued pension costs.

Neither the RTA, Metra, nor Pace elected to implement the provisions of Statement No. 27 during 1996. Unless early implementation is elected, the Statement will not have an effect on the RTA, Metra or Pace until their reporting periods ending December 31, 1998.

12 Region-Wide Financial Information

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. Accordingly, this region-wide information follows in the pro forma combining region-wide statement of revenues and expenditures and the pro forma combining region-wide statement of revenues and expenditures - budget and actual.

The primary financial statements of RTA and the Service Boards used to prepare the pro forma combining

notes to the pro forma combining financial statements

statement of revenues and expenditures do not include the aggregate of system-generated revenues and costs. The pro forma combining region-wide statement of revenues and expenditures includes the aggregate of all system revenues and costs. However, the RTA Act modifies generally accepted accounting principles to exclude certain revenues and expenses from the calculation of the region-wide system-generated revenues recovery ratio.

The RTA Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation. This concept is described as the "system-generated revenues recovery ratio."

For 1996, the region-wide system-generated revenues recovery ratio is calculated as follows (in thousands):

System generated revenues	
CTA	$ 401,197
METRA	200,165
Pace	37,957
RTA	6,719
Total system generated revenues	$ 646,038

System generated expenses	
CTA (net of mandated security costs)	$ 767,424
METRA (net of carriers funded depreciation)	354,755
Pace	105,306
RTA	13,293
Total system generated expenses	$ 1,240,778

The region-wide system-generated revenues recovery ratio for 1996 equals 52.1%.

pro forma combining region-wide statement of revenues and expenditures

Year Ended December 31, 1996 – (in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debit	Credit	
Revenues							
Service Boards revenues	–	$404,286	$200,165	$41,300	$26,118	–	$619,633
RTA financial assistance	–	370,138	184,027	66,496	620,661	–	–
Other public funding	–	–	33	652	–	–	685
Sales taxes	532,305	–	–	–	–	–	532,305
Interest on sales tax	1,323	–	–	–	1,125	–	198
Federal operating assistance	21,598	–	–	–	–	–	21,598
Public Transportation Fund (PTF)	133,044	–	–	–	–	–	133,044
Additional State Assistance	35,678	–	–	–	–	–	35,678
State reduced fare reimbursement	20,435	–	–	–	–	–	20,435
Investment income	35,240	–	–	–	513	–	34,727
Non-operating revenue	–	1,027	–	–	–	–	1,027
Other grants and reimbursements	1,736	–	–	–	82	–	1,654
Total Revenues	781,359	775,451	384,225	108,448	648,499	–	1,400,984
Expenditures							
Operating expenses	–	805,925	357,230	108,649	–	3,855	1,267,949
Depreciation	–	99,901	112,634	22,846	–	–	235,381
Operating grants to Service Boards	597,017	–	–	–	–	597,017	–
Capital grants to Service Boards	149,215	–	–	–	–	25,985	123,230
Other grants to Service Boards	82	–	–	–	–	82	–
State reduced fare reimbursement	20,435	–	–	–	–	20,435	–
Sales tax interest to Service Boards	1,125	–	–	–	–	1,125	–
Administration	4,953	–	–	–	–	–	4,953
Regional expenses	15,148	–	–	–	–	–	15,148
Debt Service	77,756	–	–	–	–	–	77,756
Capital Outlay	4,523	–	–	–	–	–	4,523
Total Expenditures	870,254	905,826	469,864	131,495	–	648,499	1,728,940
Net Revenues (Expenditures) before depreciation exclusion, retirement of debt and capital farebox financing	(88,895)	(130,375)	(85,639)	(23,047)	648,499	648,499	(327,956)
Depreciation exclusion	–	95,301	112,634	22,846	–	–	230,781
Bond Proceeds	150,957	–	–	–	–	–	150,957
Retirement of debt	(148,276)	–	–	–	–	–	(148,276)
Capital farebox financing	–	–	8,018	–	–	–	8,018
Net Revenues (Expenditures)	($86,214)	($35,074)	$35,013	($201)	$648,499	$648,499	($86,476)

See accompanying compilation report of Friedman Eisenstein Raemer and Schwartz, LLP.

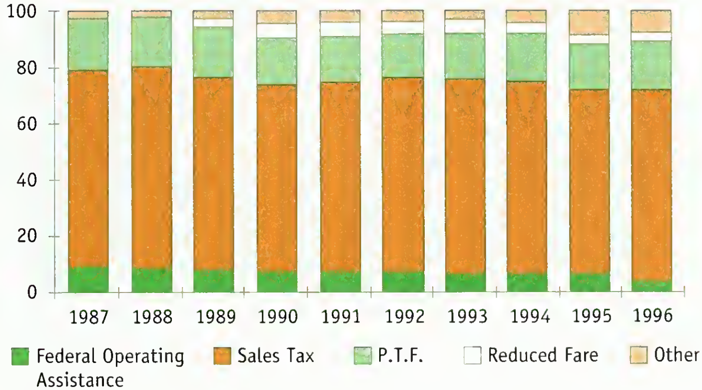
pro forma combining region-wide statement of revenues and expenditures (budget & actual)

Year Ended December 31, 1996 – (in thousands)

	RTA General & Sales Tax Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance	Pro Forma Region-Wide Budget
					Debit	Credit		
Revenues								
Service Boards revenues	–	$401,197	$200,165	$37,957	$23,777	–	$615,542	$614,382
RTA financial assistance	–	372,479	189,197	66,496	628,172	–	–	–
Other public funding	–	–	33	652	–	–	685	235
Sales taxes	532,305	–	–	–	–	–	532,305	540,000
Interest on sales taxes	1,323	–	–	–	1,125	–	198	–
Federal operating assistance	21,598	–	–	–	–	–	21,598	21,000
Public Transporation Fund (PTF)	133,044	–	–	–	–	–	133,044	135,000
Additional State Assistance	35,678	–	–	–	–	–	35,678	35,900
State reduced fare reimbursement	20,435	–	–	–	–	–	20,435	20,000
Investment income	5,934	–	–	–	–	–	5,934	4,700
Other grants and reimbursements	867	–	–	–	82	–	785	–
Total Revenues	751,184	773,676	389,395	105,105	653,156	–	1,366,204	1,371,217
Expenditures								
Operating expenses	–	770,006	357,230	105,307	–	3,342	1,229,201	1,227,964
Operating grants to Service Boards	597,017	–	–	–	–	597,017	–	–
Capital grants to Service Boards	31,962	–	–	–	–	–	31,962	31,962
Sales tax for Service Board capital	31,155	–	31,155	–	–	31,155	31,155	31,155
State reduced fare reimbursement	20,435	–	–	–	–	20,435	–	–
Other grants to Service Boards	82	–	–	–	–	82	–	–
Sales tax interest to Service Boards	1,125	–	–	–	–	1,125	–	–
Administration	4,953	–	–	–	–	–	4,953	5,148
Regional expenses	8,340	–	–	–	–	–	8,340	8,600
Capital Outlay	4,523	–	–	–	–	–	4,523	7,819
Operating transfers	70,537	–	–	–	–	–	70,537	78,079
Non-operating expenses	–	3,670	–	–	–	–	3,670	3,670
Total Expenditures	770,129	773,676	388,385	105,307	–	653,156	1,384,341	1,394,397
Excess (Deficiency) of revenues over expenditures	($18,945)	–	$1,010	($202)	$653,156	$653,156	($18,137)	($23,180)

rta revenue by source (all funds)

1987-1996 – (percentage)

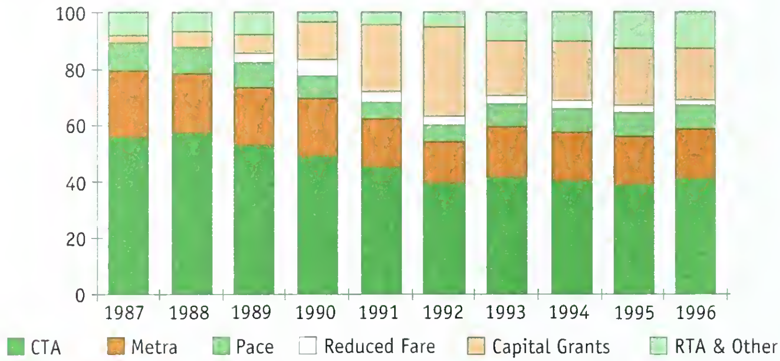


Last Ten Years – (in thousands)

	Federal Operating Assistance	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/87	52,000	386,439	95,895	–	17,200	551,534
Percentage of Total	9.43%	70.07%	17.39%	0.00%	3.11%	100%
12 Months Ended 12/31/88	48,848	418,752	102,701	–	13,854	584,155
Percentage of Total	8.36%	71.69%	17.58%	0.00%	2.37%	100%
12 Months Ended 12/31/89	49,602	429,988	107,294	16,090	16,775	619,749
Percentage of Total	8.00%	69.38%	17.31%	2.60%	2.71%	100%
12 Months Ended 12/31/90	49,947	444,110	110,855	39,646	25,296	669,854
Percentage of Total	7.46%	66.30%	16.55%	5.92%	3.77%	100%
12 Months Ended 12/31/91	49,019	425,173	109,195	35,267	22,583	641,237
Percentage of Total	7.64%	66.31%	17.03%	5.50%	3.52%	100%
12 Months Ended 12/31/92	49,141	445,891	109,843	27,924	22,587	655,386
Percentage of Total	7.50%	68.03%	16.76%	4.26%	3.45%	100%
12 Months Ended 12/31/93	49,421	462,393	115,771	23,410	28,332	679,327
Percentage of Total	7.27%	68.07%	17.04%	3.45%	4.17%	100%
12 Months Ended 12/31/94	49,475	497,698	124,002	24,861	38,997	735,033
Percentage of Total	6.73%	67.71%	16.87%	3.38%	5.31%	100%
12 Months Ended 12/31/95	43,128	513,301	129,866	22,520	78,165	786,980
Percentage of Total	5.48%	65.23%	16.50%	2.86%	9.93%	100%
12 Months Ended 12/31/96	$21,598	$532,304	$133,044	$20,435	$73,978	$781,359
Percentage of Total	2.76%	68.13%	17.03%	2.61%	9.47%	100%

distribution of expenditures (all funds)

1987-1996 (percentage)

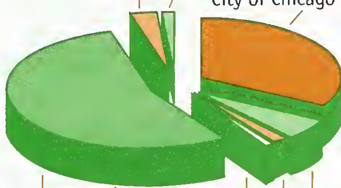


Last Ten Years – (in thousands)

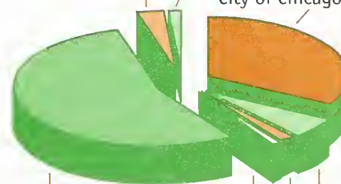
	Operating Grants CTA	Metra	Pace	Total	Reduced Fare	Capital Grants	RTA and Other	Total
12 Months Ended 12/31/87	285,853	124,260	48,690	458,803	-	13,103	41,997	513,903
Percentage of Total	55.62%	24.18%	9.48%	89.28%	0.00%	2.55%	8.17%	100%
12 Months Ended 12/31/88	309,799	125,509	49,454	484,762	-	30,184	39,626	554,572
Percentage of Total	55.86%	22.63%	8.92%	87.41%	0.00%	5.44%	7.15%	100%
12 Months Ended 12/31/89	321,297	125,168	50,413	496,878	16,090	40,110	53,980	607,058
Percentage of Total	52.93%	20.62%	8.30%	81.85%	2.65%	6.61%	8.89%	100%
12 Months Ended 12/31/90	335,130	135,196	53,485	523,811	39,646	93,838	26,539	683,834
Percentage of Total	49.01%	19.77%	7.82%	76.60%	5.80%	13.72%	3.88%	100%
12 Months Ended 12/31/91	357,121	138,088	53,041	548,250	35,267	175,746	35,250	794,513
Percentage of Total	44.95%	17.38%	6.68%	69.01%	4.44%	22.12%	4.43%	100%
12 Months Ended 12/31/92	355,149	132,951	54,074	542,174	27,924	279,291	45,827	895,216
Percentage of Total	39.67%	14.85%	6.04%	60.56%	3.12%	31.20%	5.12%	100%
12 Months Ended 12/31/93	367,599	142,248	58,697	568,544	23,409	167,170	58,482	817,605
Percentage of Total	44.96%	17.40%	7.18%	69.54%	2.86%	20.45%	7.15%	100%
12 Months Ended 12/31/94	365,200	148,638	62,129	575,967	24,861	174,128	82,658	857,614
Percentage of Total	42.58%	17.33%	7.24%	67.15%	2.90%	20.30%	9.65%	100%
12 Months Ended 12/31/95	365,005	154,592	65,198	584,795	22,520	164,266	104,659	876,240
Percentage of Total	41.66%	17.64%	7.44%	66.74%	2.57%	18.75%	11.94%	100%
12 Months Ended 12/31/96	$372,479	$158,042	$66,496	$597,017	$20,435	$149,215	$103,587	$870,254
Percentage of Total	42.80%	18.16%	7.64%	68.60%	2.35%	17.15%	11.90%	100%

sales tax revenue source by county/city of chicago

1995



1996



retailers' occupation and use tax (sales tax) revenues

by county/city of chicago

Last Ten Years – (in thousands)

Location of Retailer	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/87	136,920	207,453	19,769	5,427	9,696	2,524	4,650	386,439
Percentage of Total	35.43%	53.68%	5.12%	1.41%	2.51%	0.65%	1.20%	100%
12 Months Ended 12/31/88	146,037	226,332	21,845	5,927	10,702	2,867	5,042	418,752
Percentage of Total	34.87%	54.05%	5.22%	1.42%	2.56%	0.68%	1.20%	100%
12 Months Ended 12/31/89	149,095	232,262	22,734	6,201	11,314	3,059	5,323	429,988
Percentage of Total	34.67%	54.02%	5.29%	1.44%	2.63%	0.71%	1.24%	100%
12 Months Ended 12/31/90	152,611	240,429	23,615	6,448	11,997	3,302	5,708	444,110
Percentage of Total	34.36%	54.14%	5.32%	1.45%	2.70%	0.74%	1.29%	100%
12 Months Ended 12/31/91	142,034	232,487	23,277	6,332	12,151	3,312	5,580	425,173
Percentage of Total	33.41%	54.68%	5.47%	1.49%	2.86%	0.78%	1.31%	100%
12 Months Ended 12/31/92	145,541	244,671	26,015	6,717	13,289	3,631	6,027	445,891
Percentage of Total	32.64%	54.87%	5.84%	1.51%	2.98%	0.81%	1.35%	100%
12 Months Ended 12/31/93	148,334	253,591	28,060	7,278	14,341	4,026	6,763	462,393
Percentage of Total	32.09%	54.84%	6.07%	1.57%	3.10%	0.87%	1.46%	100%
12 Months Ended 12/31/94	157,802	273,398	30,568	8,006	15,819	4,541	7,564	497,698
Percentage of Total	31.71%	54.93%	6.14%	1.61%	3.18%	0.91%	1.52%	100%
12 Months Ended 12/31/95	160,301	282,898	32,230	8,546	16,770	4,735	7,821	513,301
Percentage of Total	31.23%	55.11%	6.28%	1.67%	3.27%	0.92%	1.52%	100%
12 Months Ended 12/31/96	$165,051	$292,319	$34,370	$9,044	$17,929	$5,096	$8,495	$532,304
Percentage of Total	31.01%	54.91%	6.46%	1.70%	3.37%	0.96%	1.59%	100%

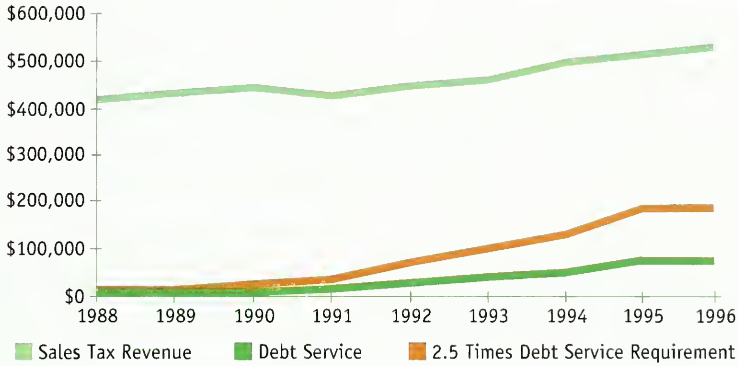
legal debt capacity

1996

	Balance Outstanding at December 31, 1996	Maximum Issued	
Legal Debt Margin:			
Debt limitation per Act for General Obligations			$1,000,000,000
Debt applicable to limitation:			
RTA Bonds:			
1990A General Obligation Bonds	$71,985,000		
1991A General Obligation Bonds	94,210,000		
1992B General Obligation Bonds	30,000,000		
1993B General Obligation Bonds	55,000,000		
1993C General Obligation Bonds	22,835,000		
1994B General Obligation Bonds	18,260,000		
1994D General Obligation Bonds	54,360,00		
1996A General Obligation Bonds	151,235,000		
Total RTA Bonds Applicable to Limitation	$497,885,000		(497,885,000)
SCIP Bonds:			
1992A General Obligation Bonds	$188,000,000	$188,000,000	
1993A General Obligation Bonds	55,000,000	55,000,000	
1994A General Obligation Bonds	190,230,000	195,000,000	
1994C General Obligation Bonds	62,000,000	62,000,000	
Total SCIP Bonds Applicable to Limitation		$500,000,000	(500,000,000)
Total SCIP Bonds Outstanding	$495,230,000		
Total Bonds Outstanding	$993,115,000		
Debt Margin for General Obligations			2,115,000
Debt Limitation per Act for Working Cash Notes			100,000,000
Total Legal Debt Margin			$102,115,000

comparison of sales tax revenue to debt service requirement

Last Ten Years – (in thousands)



Revenue Test: Sales tax must be 2.5 times greater than the debt service requirement.

Last Ten Years – (in thousands)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Sales Tax Revenue	386,439	418,752	429,988	444,110	425,173	445,891	462,393	497,698	513,301	532,304
Debt Service Requirement	5,350	5,352	5,353	8,900	13,540	27,917	39,909	51,978	76,550	76,301
2.5 Times Debt Service Requirement	13,375	13,380	13,383	22,250	33,850	69,793	99,773	129,945	191,375	190,753

Note: Differences, if any, between debt service amounts presented above and amounts presented in the accompanying general purpose financial statements represent timing differences between payments made to trustees and payments made to bondholders.

ratio of annual debt service requirements

for general obligation bonds to total expenditures

Last Ten Years – (in thousands)

Year	Debt Service Requirements: Principal	Interest	Total	Total Expenditures	Ratio of Debt Service To Total Expenditures
1987	$3,195	$2,155	$5,350	$513,903	1.04%
1988	3,325	2,027	5,352	554,572	0.97%
1989	3,475	1,878	5,353	607,058	0.88%
1990	3,640	5,260	8,900	683,834	1.30%
1991	4,915	8,625	13,540	794,513	1.70%
1992	5,185	22,732	27,917	895,216	3.12%
1993	6,896	33,013	39,909	817,605	4.88%
1994	7,350	44,628	51,978	857,614	6.06%
1995	10,289	66,261	76,550	876,240	8.74%
1996	13,113	63,118	76,301	870,254	8.77%

Note: The debt service requirements for 1996 as shown in 1995 CAFR were reduced by $3,759,012 and $5,150,294 in interest as a result of early defeasance in January 1996 of RTA General Obligation Series 1994B and 1994D, respectively. Also, $7,571,609 was added to the debt service requirement for 1996A Series.

STATISTICAL SECTION - TABLE 7

federal allocation of capital funds to Northeastern Illinois

Last Ten Years – (in millions)

Sections 3, 9 and 23 (including CMAQ and STP)

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
1987	243.30	142.90	84.20	16.20
1988	245.72	154.18	72.93	18.61
1989	270.17	165.89	84.34	19.94
1990	174.79	113.45	42.46	18.88
1991	174.79	101.10	67.53	6.16
1992	161.14	90.77	57.14	13.23
1993	175.43	99.75	63.98	11.70
1994	237.20	141.92	77.33	17.95
1995	228.97	127.83	82.80	18.34
1996	233.97	131.92	84.48	17.57
Total	$2,145.48	$1,269.71	$717.19	$158.58

service division operating characteristics

1996

Chicago Transit Authority

Rapid Transit

- 329 route miles
- 140 stations served
- 1,192 rapid transit cars
- 10.3 million riders per month

Motor Bus

- 2,020 route miles
- 139 bus routes
- 2,035 buses
- 25.2 million riders per month (including paratransit riders)

Paratransit

- 80 thousand riders per month

Metra Commuter Rail Division

- 546 route miles
- 1,189 miles of track
- 240 stations
- 130 locomotives
- 718 passenger cars
- 223 electric cars
- 680 trains operated each weekday
- 96.9% on-time performance
- 5.9 million riders per month

Pace Suburban Bus Division

Fixed Route

- 160 regular routes
- 73 feeder routes
- 235 communities served
- 134 commuter rail and rapid transit stations served
- 576 vehicles in use during peak periods
- 2.9 million riders per month

Paratransit

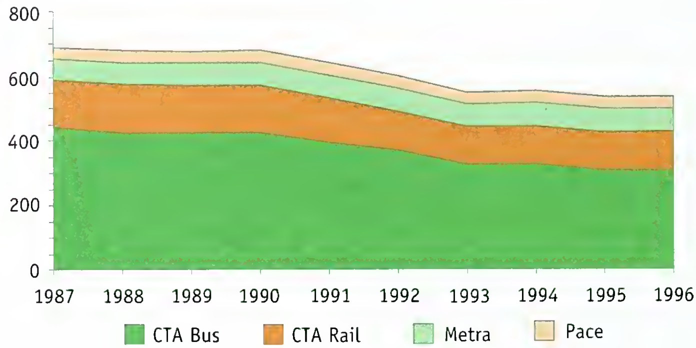
- 65 local services
- 372 Pace owned lift-equipped buses in service
- 210 communities served
- 138 thousand riders per month

Other

- 233 vanpools in operation
- 81 thousand riders per month

system ridership

1987-1996 (in millions)



unlinked passenger trips

Service Consumed:	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
CTA - Bus	440.7	424.3	421.7	423.2	394.1	373.3	328.1	327.3	307.3	303.3
CTA - Rail	148.6	149.4	147.7	146.7	135.3	120.6	118.5	120.9	119.3	124.0
Total CTA	589.3	573.7	569.4	569.9	529.4	493.9	446.6	448.2	426.6	427.3
Metra	64.0	67.0	68.4	69.3	69.0	70.0	69.9	72.0	70.4	70.6
Pace	35.6	36.7	37.9	40.4	40.5	39.3	38.3	38.6	37.2	37.5
System Total	688.9	677.4	675.7	679.6	638.9	603.2	554.8	558.8	534.2	535.4
Percent Change	(3.2%)	(1.7%)	(0.3%)	0.6%	(6.0)%	(5.6%)	(8.0%)	0.7%	(4.4%)	0.2%

financial results of purchased services agencies

The following is a summary of the financial results, as reported to the Service Boards, or each transportation agency which had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 1996.

(in thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
CTA					
Art's Transportation Co.	$ 281	$3,957	$ (3,676)	$3,676	$ –
Cook-DuPage Transportation Co.	741	12,044	(11,303)	11,303	–
SCR Transportation	350	5,966	(5,616)	5,616	–
Simtran Medical Transportation	108	1,608	(1,500)	1,500	–
Taxi Access Program	367	1,413	(1,046)	1,046	–
Total CTA	$ 1,847	$24,988	$ (23,141)	$23,141	$ –
Metra					
Union Pacific	$ 56,428	$103,064	$ (46,636)	$46,636	$ –
Burlington Northern/Santa Fe	29,763	41,165	(11,402)	11,402	–
Northern Indiana Commuter Transportation District (NICTD)	2,863	4,907	(2,044)	2,044	–
Total Metra	$ 89,054	$149,136	$ (60,082)	$60,082	$ –
Pace					
Summary of Services					
Fixed Route - Public Funded Carriers	$ 664	$1,860	$ (1,196)	$1,196	$ –
Fixed Route - Private Contract Carriers					
Regular Fixed Route	3,049	9,323	(6,274)	6,274	–
Total Fixed Route Service	3,713	11,183	(7,470)	7,470	–
Paratransit - Private Contract Carriers					
Stable Market Expansion Services	39	257	(218)	120	98
Non ADA Services	41	184	(143)	143	–
ADA Services	435	6,591	(6,156)	6,156	–
DAR Services	411	3,038	(2,627)	1,971	656
Paratransit - Municipal Carriers	677	5,020	(4,343)	1,808	2,535
Total Paratransit Service	1,603	15,090	(13,487)	10,198	3,289
Total Pace	$ 5,316	$26,273	$ (20,957)	$17,668	$ 3,289

financial results of purchased services agencies

(in thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services					
Fixed Route – Public Funded Carriers					
City of Highland Park	$ 336	$ 877	$(541)	$ 541	$ –
Village of Melrose Park	36	79	(43)	43	–
Village of Niles	292	904	(612)	612	–
Total	$ 664	$1,860	$ (1,196)	$1,196	$ –
Private Contract Carriers – Regular Fixed Route					
Car Enterprises	$ 280	$ 759	$(479)	$ 479	$ –
Colonial Coach Lines	77	883	(806)	806	–
Illinois School Bus	8	25	(17)	17	–
Keeshin Transportation	692	1,820	(1,128)	1,128	–
Neal's Bus Services*	189	871	(682)	682	–
Olson Transportation	20	47	(27)	27	–
Pauline Transportation*	41	477	(436)	436	–
Robinson Coach Company*	–	104	(104)	104	–
Ryder Student Transportation	35	36	(1)	1	–
Vancom – Illinois	1,308	4,202	(2,894)	2,894	–
Village of Schaumburg	45	99	(54)	54	–
Subscription Bus Billings*	354	–	354	(354)	–
Total	$ 3,049	$9,323	$ (6,274)	$6,274	$ –
Private Contract Carriers–Stable Market Expansion Services (Paratransit)					
Addison	$ 5	$ 38	$(33)	$ 19	$14
North Central Cook	27	204	(177)	92	85
Hanover Township	7	15	(8)	9	(1)
Total	$ 39	$ 257	$(218)	$ 120	$98
Private Contract Carriers – Non ADA Services (Paratransit)					
South Cook	$ 15	$ 60	$(45)	$ 45	$ –
Northeast Cook	–	1	(1)	1	–
Northwest Cook	7	39	(32)	32	–
Northern DuPage	15	66	(51)	51	–
Southern DuPage	4	18	(14)	14	–
	$ 41	$ 184	$(143)	$ 143	$ –

* Subscription Bus routes as part of their service. Subscription Bus revenue is billed without allocation to carrier.

financial results of purchased services agencies

(in thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Private Contract Carriers –					
ADA Services (Paratransit)					
South Cook	$188	$2,854	$(2,666)	$2,666	$ –
Northeast Cook	53	981	(928)	928	–
Northwest Cook	37	611	(574)	574	–
Northern DuPage	7	98	(91)	91	–
Southern DuPage	11	188	(177)	177	–
West Cook	70	976	(906)	906	–
North Lake	47	624	(577)	577	–
Southeast Lake	9	115	(106)	106	–
Will County	–	1	(1)	1	–
Kane County	10	110	(100)	100	–
SW DuPage/Will	3	33	(30)	30	–
Total	$435	$6,591	$(6,156)	$6,156	$ –
Private Contract Carriers –					
DAR Services (Paratransit)					
Hometown	$1	$16	$(15)	$6	$9
Cuba/Barrington Township	1	46	(45)	28	17
DuPage Township	12	139	(127)	95	32
Cuba Township	–	1	(1)	1	–
Naperville/Lisle	15	184	(169)	127	42
McHenry County	197	1,116	(919)	799	120
Downers Grove	16	145	(129)	79	50
Central Lake	16	121	(105)	83	22
Northwest Kane	1	6	(5)	4	1
Southwest Will	–	11	(11)	8	3
Robbins	1	16	(15)	–	15
Central Will	67	466	(399)	299	100
Leyden Township	28	242	(214)	75	139
Milton Township	10	113	(103)	77	26
Wauconda Township	4	18	(14)	10	4
Northwest Lake	23	184	(161)	128	33
Northeast Lake/Zion	5	45	(40)	32	8
Northeast Lake/Warren	14	169	(155)	120	35
Total	$411	$3,038	$(2,627)	$1,971	$656

financial results of purchased services agencies

(in thousands)

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Pace					
Detail of Services, continued					
Paratransit – Municipal Carriers					
Aurora	$18	$295	$(277)	$71	$206
Batavia	4	45	(41)	17	24
Bellwood	46	215	(169)	87	82
Bensenville	35	264	(229)	73	156
Berwyn/Cicero	22	156	(134)	50	84
Bloom	24	200	(176)	89	87
Bloomingdale	26	314	(288)	212	76
Calumet	14	124	(110)	27	83
Crestwood	8	53	(45)	28	17
Dundee	12	74	(62)	34	28
Ela	15	95	(80)	36	44
Elgin	18	78	(60)	45	15
Forest Park	8	79	(71)	29	42
Fox Lake	12	30	(18)	13	5
Frankfort	18	112	(94)	42	52
Harvard	17	80	(63)	37	26
Lake Villa	–	–	–	–	–
Lemont	5	38	(33)	17	16
Lyons	20	214	(194)	73	121
Norridge	20	63	(43)	27	16
Oak Park	27	218	(191)	72	119
Orland Park	22	179	(157)	57	100
Palatine	12	130	(118)	36	82
Palos Hills	8	81	(73)	30	43
Park Forest	28	160	(132)	82	50
Peotone	18	202	(184)	60	124
Rich Township	49	315	(266)	45	221
Schaumburg	68	432	(364)	166	198
St. Charles	12	102	(90)	23	67
Stickney	16	184	(168)	54	114
Tinley Park	5	43	(38)	19	19
Vernon	5	80	(75)	17	58
Woodstock	55	220	(165)	104	61
Worth Township	10	145	(135)	36	99
Total	$677	$5,020	$(4,343)	$1,808	$ 2,535

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RTA Board of Directors

All directors listed served in 1996.

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Kane, Lake, McHenry and Will Counties

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Chicago Transit Authority

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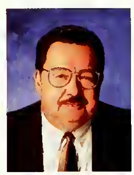

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Suburban Cook County

Rev. Addie L. Wyatt
City of Chicago

Executive Director
Richard J. Bacigalupo

Not pictured: Daniel S. Solis, City of Chicago.

RTA Staff

CTA received a chorus of praise for its transportation to the landmark 1996 Democratic National Convention at the United Center. You can get there on CTA's #20 and #50 buses as well as on special Pace non-stops from the Schaumburg Transportation Center. CTA also connects with each of Metra's terminals. Call the RTA Travel Information Center at 836-7000 to plan your route there, or anywhere else in the six-county region.

Acknowledgments

RTA gratefully acknowledges CTA, Metra and Pace, as well as Bethel New Life, Inc., Dean Witter Discover, Lake-Cook TMA, Prairie Crossing, Raytheon Company, Suburban Job-Link Corp. and the United Center.

1996 Annual Report

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